

MEMO# 12714

October 10, 2000

MSRB PROPOSAL TO PERMIT ELECTRONIC SUBMISSION BY UNDERWRITERS OF OFFICIAL STATEMENTS AND CERTAIN DOCUMENTS AND FORMS

[12714] October 10, 2000 TO: FIXED-INCOME ADVISORY COMMITTEE No. 8-00 RE: MSRB PROPOSAL TO PERMIT ELECTRONIC SUBMISSION BY UNDERWRITERS OF OFFICIAL STATEMENTS AND CERTAIN DOCUMENTS AND FORMS The Municipal Securities Rulemaking Board ("MSRB") has issued a release proposing to establish an optional system of electronic submission by underwriters of official statements, advance refunding documents and Forms G-36(OS) and G-36(ARD) to the MSRB's Municipal Securities Information Library® ("MSIL®") system. To effectuate this system, the MSRB is also proposing draft amendments to MSRB Rule G-36. The proposing release is attached, and it is summarized below. Comments on the MSRB's proposal are due by Friday, November 17, 2000. The Institute will be preparing a comment letter on the proposal. Accordingly, we have scheduled a conference call for Wednesday, October 18th at 3:00 p.m. to discuss the issues presented by the proposal. Please contact Stephanie Holly at (202) 326-5814 to let her know whether you or a representative from your firm will be able to participate on the call. If you will be unable to participate but would like to provide comments for the Institute's consideration, please forward them to Barry Simmons at (202) 326-5923 (phone), (202) 326-5827 (fax), or bsimmons@ici.org (email) by Tuesday, October 17th. Choice of Submission Method. The proposing release makes clear that the MSRB would not require underwriters to make electronic submissions and would continue to accept submissions made on paper. Underwriters that continue to make paper submissions, however, would still be required to send two copies of each such document or form to the MSIL® system by certified or registered mail, or some other equally prompt means that provides a record of sending. Types of Submissions. The proposed electronic submission system would permit underwriters to use the electronic system for various types of submissions currently required in connection with Rule G-36, including: (1) final official statements under Rule G-36(b)(i) or official statements in final form under Rule G-36(c)(i), together with Form G-36(OS); (2) advance refunding documents under Rule G-36(b)(ii) or (c)(ii), together with Form G-36(ARD); (3) amended official statements under Rule G-36(d), together with Form G-36(OS), or amended advance refunding documents, together with Form G-36(ARD), but only if the original official statement or advance refunding document was submitted through the electronic system; (4) amended Forms G-36(OS) or G-36(ARD) correcting a prior electronic submission of either form; 2and (5) notice of the cancellation of an issue for

which a submission has previously been made to MSIL® under Rule G-36(e). Method of Electronic Submission. The electronic submission system would permit electronic submission via a secured, password-protected Internet website. Each underwriter would be assigned a password prior to or at the time it first uses the electronic system in a manner to assure authentication of submitters using the system. The underwriter would be required to submit an e-mail address for purposes of receiving electronic records of submissions as well as to enable follow-up by MSRB staff should any submission prove to be incomplete or incorrect. Forms G-36(OS) and G-36(ARD) would be submitted by completion of an on-line form. Format of Uploaded Files. Under the proposed system, an underwriter would make electronic submissions by uploading an official statement, an advance refunding document, an amended official statement, or an amended advance refunding document. The MSRB would require that all documents submitted electronically be in Adobe Acrobat® portable document format ("PDF"). The MSRB seeks comment on the proposed PDF format as well as other alternative formats that may be appropriate. Also, in order to speed transmission times of the potentially large files that underwriters may upload, the MSRB would require that all PDF files be compressed for submission as an archive file using WinZip®.

Underwriter's Certification. The proposing release notes that, just as with paper submissions, underwriters will be required to certify that the document submitted with Form G-36(OS) or G- 36(ARD) is, in fact, the final official statement, official statement in final form, amended official statement or advance refunding document, as appropriate. The MSRB seeks comment on whether the required underwriter's certification is more problematic for electronic documents than for paper documents.

Review of Submissions. The MSRB currently requires that any incomplete or incorrect submission be corrected by the submitter prior to the MSRB accepting the submission as in compliance with Rule G-36. Thus, any submission through the electronic system would be subject to such automated and/or manual review as MSRB staff deems appropriate prior to final acceptance. The electronic record of submission sent by the system as described above should not be viewed as a record of acceptance by the MSRB.

Redelivery to Subscribers. The MSRB notes that it expects to provide subscribers with files in PDF format for both electronic and paper submissions upon introduction of the electronic system. Subscribers should receive files of electronic submissions one or more business days sooner than if they had been submitted in paper form.

Barry E. Simmons Assistant Counsel Attachment Attachment (in .pdf format)